RV BUSINESS

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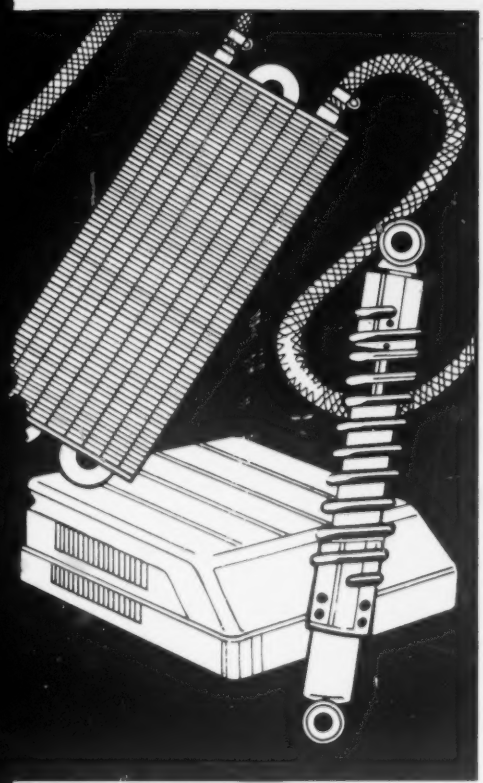
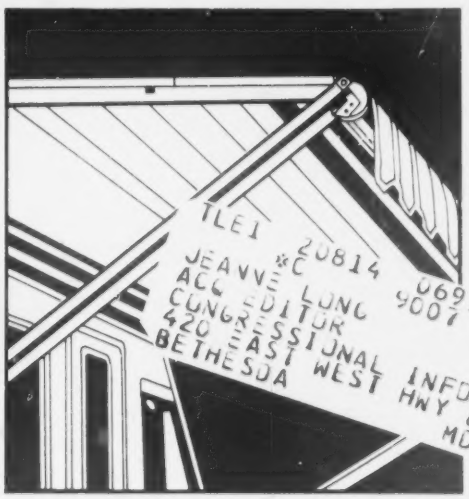
FEBRUARY 19, 1990



SPECIAL ISSUE:

RV & VAN INDUSTRY DIRECTORY



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  - Chassis Specifications
  - Glossary of Weight Terms
  - Monthly Show Calendar
  - RV Financing
- **Alphabetical Listings:**
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...ew 'Yellow Pages' Product Section

...ll-New Van Converter Section

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HOW TO USE THIS DIRECTORY ISSUE

It has been several years since we entered the oft-cited "information age," yet its basic tenet remains just as valid today as it was when computers first burst onto the scene: Those who consistently get ahead will learn how to absorb the maximum amount of relevant information in a minimum of time.

Hopefully, this *RV & Van Industry Directory* issue will allow you to accomplish just that and more. The all-new directory has been revamped and reformatted to provide you with a concise reference tool that you will be able to use all year long.

Here is a brief overview of new directory features and of how you can use the information contained in these 360 pages most effectively:

Industry Almanac

Intended to be just what its title implies, this first section is packed full of the most pertinent statistical and market data that the editors of *RV Business* could put together.

Included, for instance, are historical analyses of the RV market based on some 18 years of RV-shipment figures; a 1990 calendar of major consumer and trade shows in North America; a buyer's guide to available motorhome chassis; an overview of RV financing facts; and other significant data pertaining to the RV industry.

Alphabetical Listings

Every RV-related company in the industry is included in these listings, which are divided into seven major sections: RV manufacturers; van converters; suppliers; distributors and wholesalers; manufacturers' representatives; RV associations and all other RV service firms. The first four categories are further broken down into U.S. and Canadian companies.

Each company's listing features basic information, such as addresses, phone numbers, Fax numbers and key corporate personnel.

Product Listings

This special section printed on yellow-bulk paper is one of the new features of this year's directory. Companies are grouped by specific product type, which should be especially helpful to purchasing agents and others with a need for quick access to product information.

The product listings are separated into four subsections: RV manufacturers listed by product type; RV manufacturers listed by brand name; van converters categorized by brand name; and supplier companies listed under the hundreds of accessory and OEM component products that they manufacture. Each of these listings includes the company names and phone numbers for quick, easy reference.

Company Index

Thanks to the wonders of computerization, every company listed in this directory is cited in this 24-page section, along with page numbers and company phone numbers.

While we have taken great pains to produce a usable, authoritative reference tool, we recognize that errors and omissions do occur. For that reason, please take a moment to fill out the update form on page 359 and send it back to us. This will ensure that next year's listings will include correct information on your company and products. Δ – *The Editors*

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A REVIEW OF THE RV MARKET, 1970-89

MORTON J. MARCUS

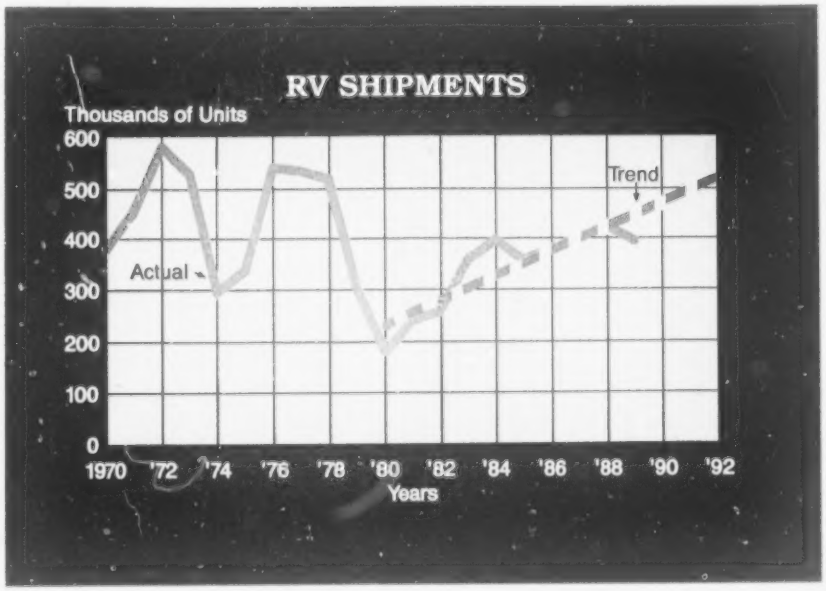


Figure 1

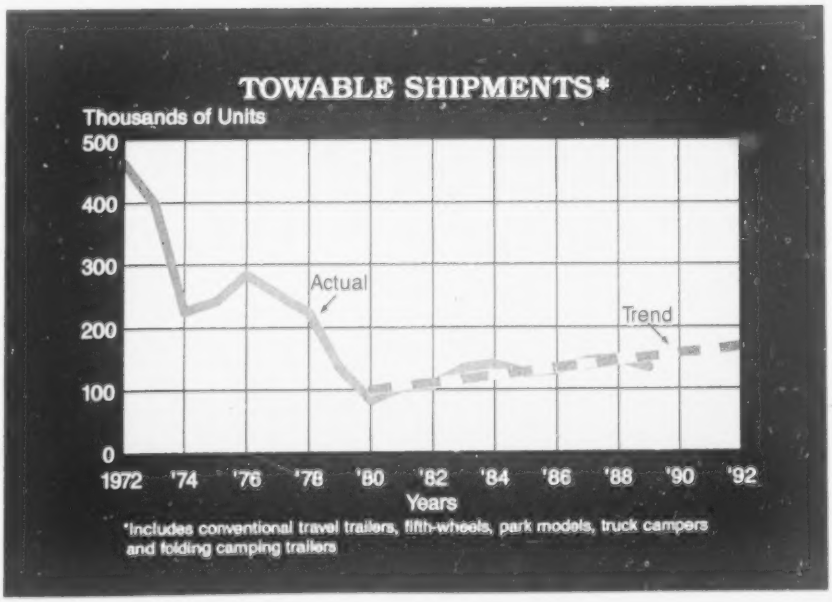


Figure 2

In the 1970s, the RV industry experienced both glory and disaster. The early '70s saw a magnificent 53% increase in shipments over just two years: Starting with 380,300 units shipped in 1970, the industry advanced to just under 583,000 units by '72. *(See Figure 1.)* But, suddenly, a major oil crisis knocked the RV industry for a loop. Shipments fell below 296,900 in 1974 as Americans became energy-conscious, inflation-poor and worried about recession all at the same time. Then, for three years in a row, shipments zoomed up to exceed 500,000 units – until another crisis caused them to nosedive to less than 200,000 units in 1980.

1980 should be considered a watershed in the history of the RV industry. The boom-and-bust 1970s, while interesting, gave little indication of the future. But the upward trend of the 1980s – the decade's overall movement toward higher volume – does provide guidance on the market direction of the '90s.

The industry entered the 1980s with just half the shipments output of a decade earlier. From that low, the industry advanced in every year except 1985 and 1989.

The clear upward trend established in the 1980s resulted in a growth in average annual shipments, which was in excess of 24,000 units. If that growth trend persists into the current decade, then the industry would regain the 500,000-unit shipments' mark in 1992.

Of course, within the generally upward trend of all RV shipments in the 1980s, the various RV types have climbed at quite different growth rates.

In terms of actual units shipped, towable RVs, as a group, have yet to recover from the first oil crisis of the 1970s. *(See Figure 2.)* From a high of 466,000 units shipped in 1972, towables struggled back to 285,000 units in 1976, before falling in 1980 to just 83,000 units. The upward trend of the 1980s has averaged an increase of 5,800 units annually, as shown by the trend line for the decade. With a continuation of that trend,

GRAPHICS: CUSTOM COLOR VISUALS

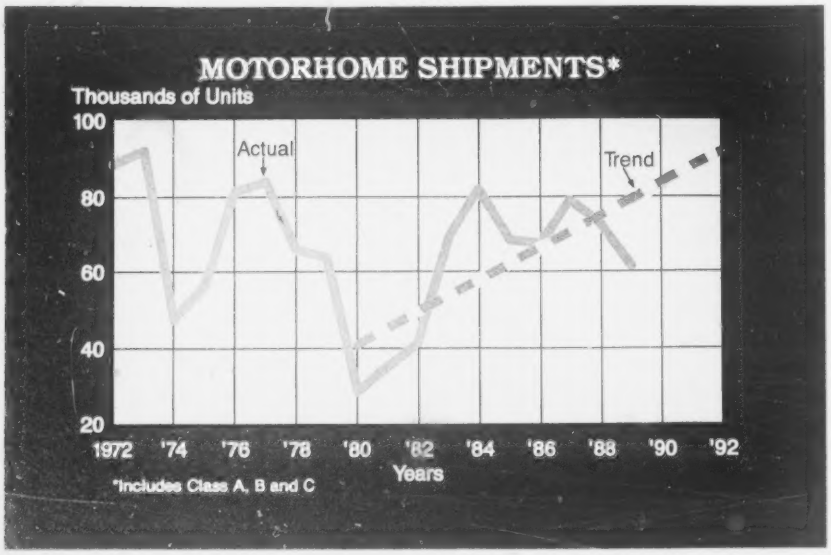


Figure 3

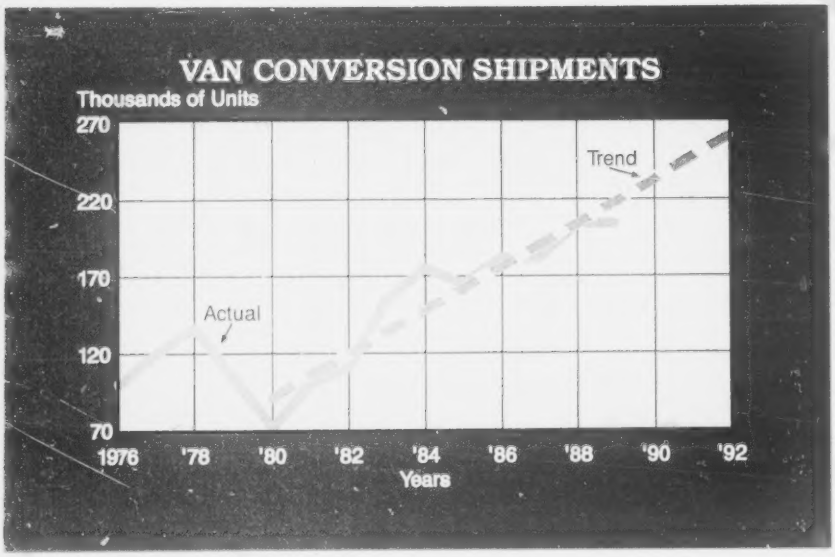


Figure 4

Note: There is an important difference between trends and forecasts. Trends, as used in the figures of this section, are simple statistical relationships between time and shipments. They are the result of laying a mathematical ruler over the data and drawing a straight line to fit the dots; they minimize the divergence of each year's shipments from that trend line. But trends do not tell us why or how something happens; they reflect the past without reference to anything going on in the world. They are useful in giving a general direction, in helping us see where we are going – as long as the road remains as it has been. The projections produced by these trends are the result of simply extending the line drawn with the statistical ruler. On the other hand, forecasts, as published quarterly in RV Business, *involve a combination of statistical analysis and professional judgment. Forecasts are based on the response of shipments to various factors in the economy, such as interest rates and motor-fuel prices, and require development of a complex econometric model. The econometric model then indicates how shipments respond to these factors and how these factors are most likely to perform in the future.*

towables, as a group, should approach 170,000 units in 1992.

As seen in *Figure 3*, shipments of motorhomes, as a group, peaked in 1973 at just over 92,000 units. After 1973, there were two more years in the '70s in which motorhomes tallied more than 80,000 units shipped, but downward forces carried this group down to less than 30,000 units by 1980. Then, a resurgence began; by 1984, motorhomes once more crossed the 80,000-unit mark. Unfortunately, the upward momentum could not be sustained. Between 1985 and 1989, motorhome shipments bounced between 75,000 units and 60,000 units, with little clear direction. Yet, for the decade of the '80s, the overall trend was still positive, with 4,250 shipments added annually.

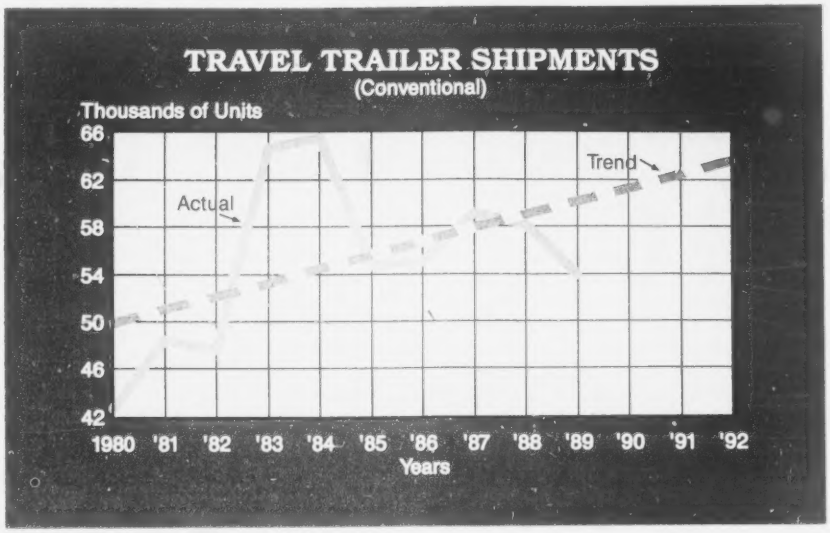
Van conversions, on the other hand, never seemed to be hobbled by the shock of the 1979-80 freefall. *(See Figure 4.)* After totaling 136,400 units in '78, conversion shipments did plummet to 71,400 units in 1980, but their movement thereafter has been strongly upward. By 1983, van conversions had exceeded their previous high to reach 154,200 units shipped. And in 1986, the number of van conversion shipments topped 1980's total for the entire RV industry. In 1988, for the first time, van conversion shipments came in at more than 200,000 units. To sum up, for the decade of the 1980s, the growth trend of van conversion shipments has been an average annual increase of 14,150 units. At that pace, shipments of these popular multipurpose vehicles should surpass 260,000 units in 1990.

A more detailed look at these three major RV groups – motorhomes, towables and van conversions – shows some interesting variations, however.

For example, the generally upward trend of shipments of conventional travel trailers during the 1980s is clear from *Figure 5* on page 8, although the up-and-down movements have been considerable during the decade. In 1983, and again in 1984, shipments totaled about 65,000 units, which was a strong expansion from 1982's level of shipments. Yet, that growth was followed by a dramatic decline in 1985. Since the middle of the decade, shipments have varied in a narrow range between 54,000 and 59,000 units.

On average, shipments of conventional travel trailers increased by 1,140 units a year during the '80s. If this pace continues, a three-year projection shows that, by 1992, travel trailers will still not have regained the heights of the mid-1980s.

In contrast to the swings of conventional



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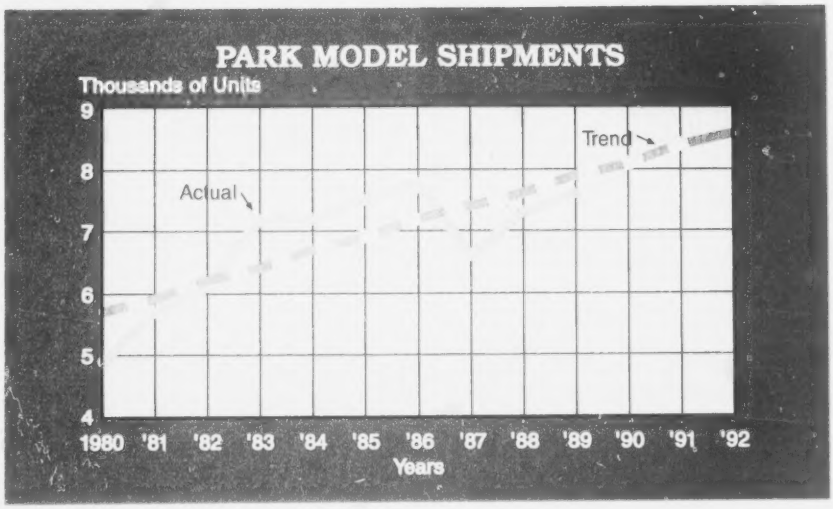

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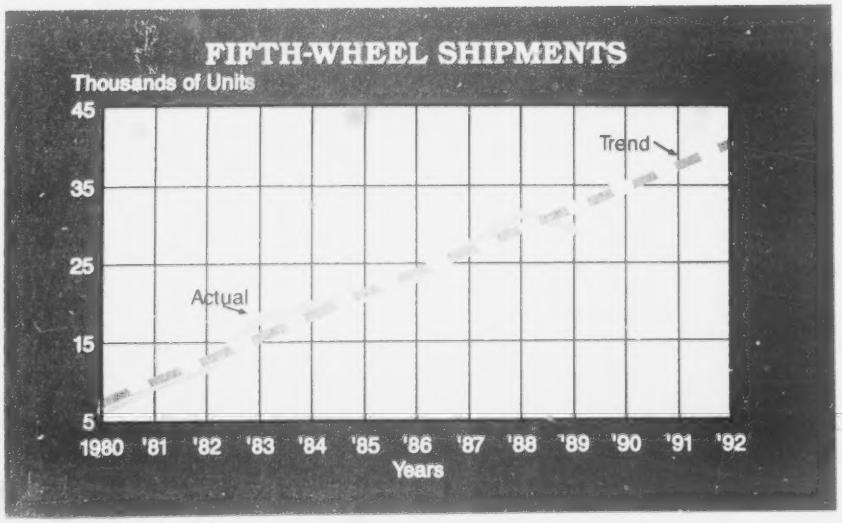


Figure 7

travel trailers, park models experienced virtually uninterrupted growth from 1980 through 1986. *(See Figure 6.)* Then, after a setback in '87, park-model shipments rose again in 1988 and 1989. The upward trend of the '80s averaged a very moderate increase of just 250 units per year. With continuation of this trend, total park-model shipments should reach 8,600 units in 1992.

Actual fifth-wheel shipments grew close to their trend line of average annual growth for the 1980s. *(See Figure 7.)* Only 1989 seems to have seen a reversal of any sort. The 1988 peak of 31,300 units was not only

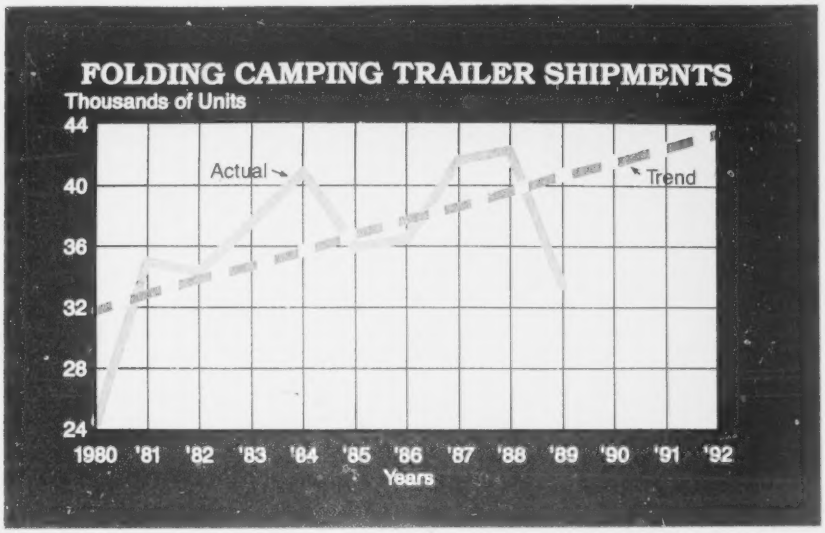
Within the generally upward trend of all RV shipments in the 1980s, the various RV types have climbed at quite different growth rates.

the best year for fifth-wheels in the past decade, it would have ranked as the best year of the 1970s as well. The average annual increase in fiver shipments during the '80s was 2,700 units. At that rate, fifth-wheel shipments will exceed 40,000 units by 1992.

Folding camping trailer shipments showed dramatic movement during the 1980s, as shown in *Figure 8*. They started the decade by gaining more than 10,000 units from 1980 to 1981. They ended the decade by losing more than 10,000 units between '88 and '89. But each decline during the 1980s has been followed by a new high in subsequent years, so the trend for the decade has been positive, with approximately 1,000 units gained on average each year. If folding camping trailer shipments stay on that trend line, they will reach 43,500 units by 1992.

Figure 9 shows how the trend line for truck campers fits very neatly with the experience of these units in the 1980s. In the early years of the decade, actual annual shipments and average annual shipments had a particularly tight fit. In the middle years of the 1980s, actual shipments and the decade's shipment trend were symmetric, if not as closely fitted.

Over the course of the decade, shipments of truck campers doubled from 5,000 to 10,000 units. During the 1980s, truck campers had an average annual in-



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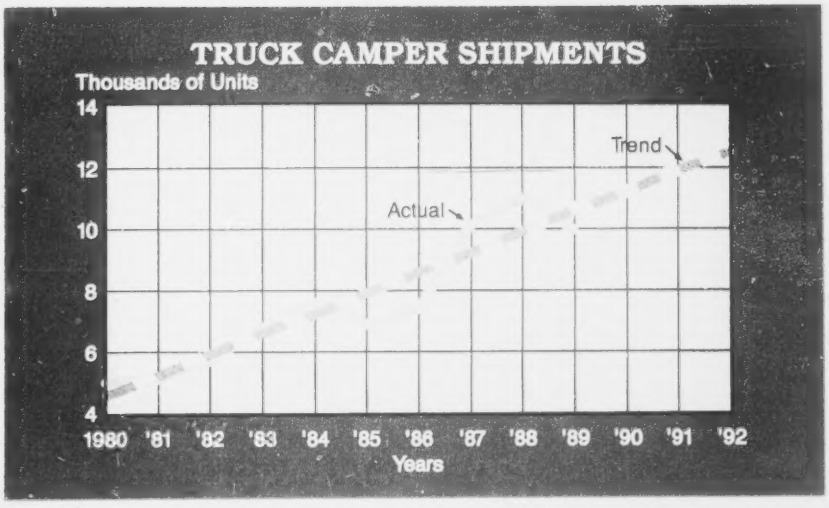

Figure 9

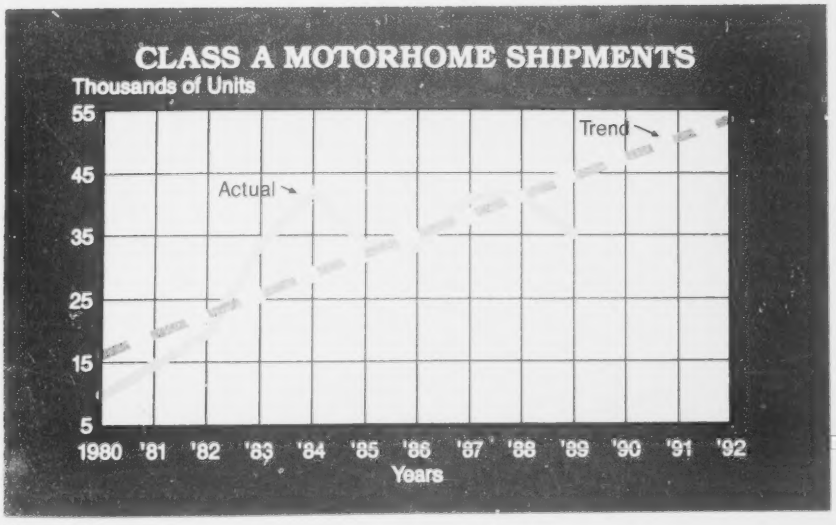

Figure 10

crease of 660 units. Truck campers could reach 12,500 units shipped by 1992, if that growth rate is maintained.

Figure 10 illustrates how Class A motorhome shipments went from their 1980 low of 9,800 units to double that amount within two years, and then more than doubled again within the next two years. By 1984, Class A shipments had reached 42,100 units. However, shipments then dropped and never regained 1984's peak, although they approached it.

The average annual shipments increase for Class A motorhomes was 3,100 units between 1980 and '89. Following that trend line, Class A shipments would top their peak of the 1980s by the early 1990s and reach nearly 54,000 units in 1992.

In contrast to other categories, the trend line of Class B motorhome shipments *(see Figure 11 on page 10)* does not adequately describe the experience of these units over the past decade. They grew from 2,500 units in 1980 to more than 7,000 in 1984. Since then, only one year (1987) showed a positive movement.

Thus, the graph of Class B shipments in the '80s shows two trends rather than one. It will take a reversal of the more recent, downward trend to achieve the levels suggested by the overall trend line of the decade. If the overall growth trend of the 1980s should happen to prevail, then Class B motorhome shipments would reach 7,400 units by 1992.

Class C motorhome shipments (including Class C minimotorhome, low-profile and micro-mini units) also very clearly followed two separate trends in the '80s. *(See Figure 12 on page 10.)* There was an uninterrupted upward movement from 1980 to 1984, including a somewhat sensational rise by 12,300 units in 1983. Then, from '84 to '89, Class C shipments fell without interruption.

If the fortunes of Class C motorhomes reverse again to realize the positive trend of the early 1980s, shipments in 1992 will reach 30,700. However, this growth rate would require an overall increase of 9,500 units over the next three years, or a gain of 3,200 units per year between '89 and '92. That would be quite an achievement since it would be four times higher than the 800-unit average annual gain of the '80s.

The differing growth rates of the various RV types during the past decade have resulted in significant shifts in market shares. At the start of the 1980s, towables held the high ground among RVs, with more than 45% of the total market. Van conversions were in second place at 39%, and mo-

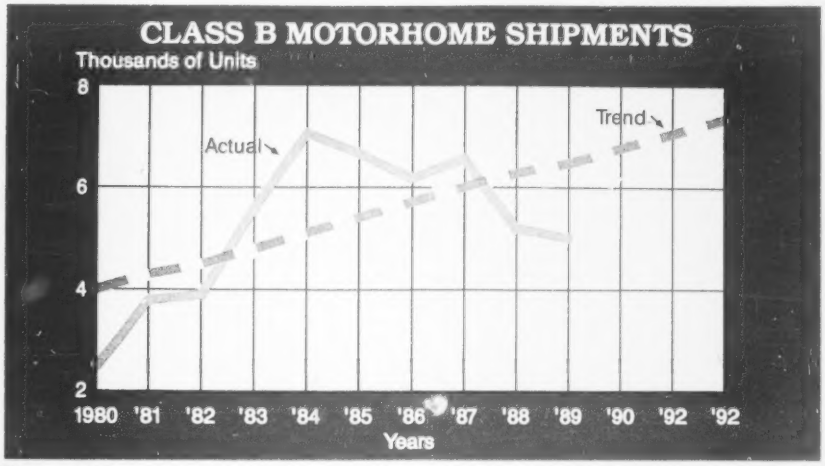

Figure 11

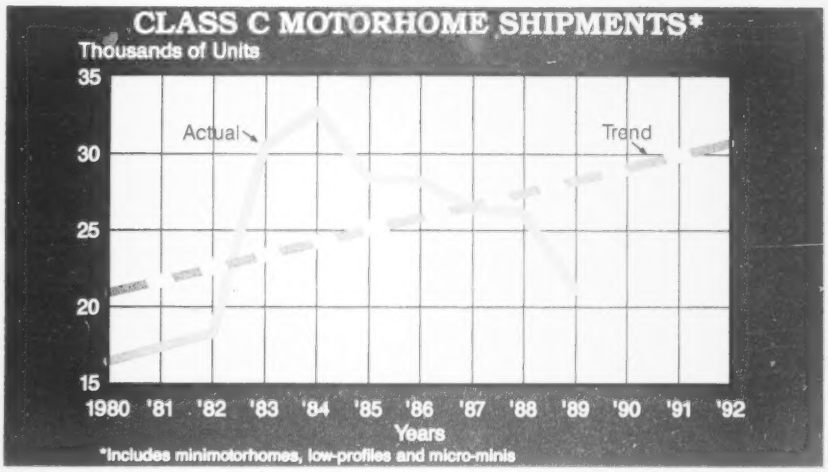

Figure 12

torhomes were a distant third (16%). During the decade, towables lost their lead because shipments of these units increased by only 61%. At the same time, motorhome shipments more than doubled, with a 114% increase in volume between 1980 and 1989. Leading the pack in terms of growth, however, were van conversions, whose shipments nearly tripled in the decade of the '80s (up by 183%).

As seen in *Figure 13*, the result of these very different rates of growth was a shrinkage in the market share of towables from 45% in 1980 to 34% in 1989. Motorhomes, for all their growth, failed to secure a larger piece of the market-share pie. Instead, all the market gains were picked up by van conversions, which claimed more than 50% of the market for the first time in 1989.

Of course, if some of the positive trends of the '80s discussed above are realized in the 1990s, motorhomes and towables would grow more rapidly than they have recently, resulting in a minor decline in market share for van conversions. Δ

Morton J. Marcus is the director of the Indiana Business Research Center at Indiana University School of business, where he is also a member of the faculty. Marcus specializes in using statistics to identify economic trends.

Note to readers: All 1989 data shown in this section are based on shipments for an 11-month (January-November) period and are subject to minor revision.

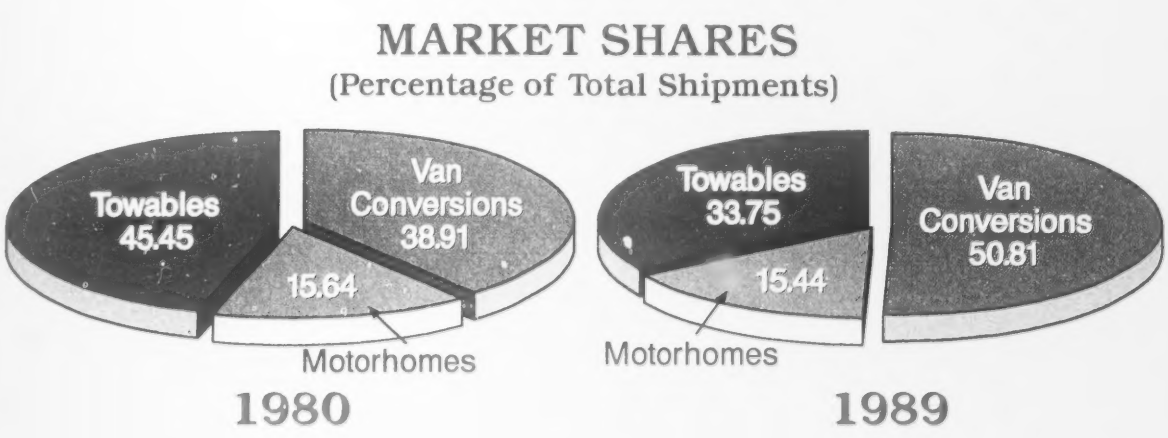

Figure 13

WHY RV SHIPMENT FIGURES ARE SEASONALLY ADJUSTED

MORTON MARCUS

EFFECT OF SEASONAL ADJUSTMENT ON MONTHLY RV SHIPMENTS

Months/ Years	Shipments: Raw Data	Shipments: Seasonal Adj. Data	Month-to-Month Change, Number: Raw Data	Month-to-Month Change, Number: Seasonal Adj. Data	Month-to-Month Change, Percent: Raw Data	Month-to-Month Change, Percent: Seasonal Adj. Data
Jan '88	30,800	32,542				
Feb	34,300	34,446	3,500	1,904	11.4	5.9
Mar	39,900	33,968	5,600	– 478	16.3	– 1.4
Apr	43,000	34,181	3,100	213	7.8	0.6
May	41,600	35,680	–1,400	1,499	– 3.3	4.4
Jun	38,200	35,643	–3,400	– 37	– 8.2	–0.1
Jul	32,700	33,698	–5,500	–1,945	–14.4	– 5.5
Aug	35,300	37,179	2,600	3,481	8.0	10.3
Sep	32,700	35,007	–2,600	–2,172	– 7.4	–5.8
Oct	34,700	36,486	2,000	1,479	6.1	4.2
Nov	32,300	41,507	–2,400	5,021	– 6.9	13.8
Dec	31,800	39,352	– 500	–2,154	– 1.5	–5.2
Jan '89	32,400	34,192	600	–5,161	1.9	–13.1
Feb	35,000	35,018	2,600	827	8.0	2.4
Mar	38,800	33,279	3,800	–1,739	10.9	–5.0
Apr	39,400	31,393	600	–1,886	1.5	–5.7
May	36,400	31,153	–3,000	–240	– 7.6	–0.8
Jun	35,400	32,826	–1,000	1,673	– 2.7	5.4
Jul	31,900	32,811	–3,500	– 15	– 9.9	0.0
Aug	31,600	33,431	– 300	619	– 0.9	1.9
Sep	28,700	30,713	–2,900	–2,718	– 9.2	–8.1
Oct	31,500	33,133	2,800	2,421	9.8	7.9
Nov	27,300	35,582	–4,200	2,448	–13.3	7.4

Table 1

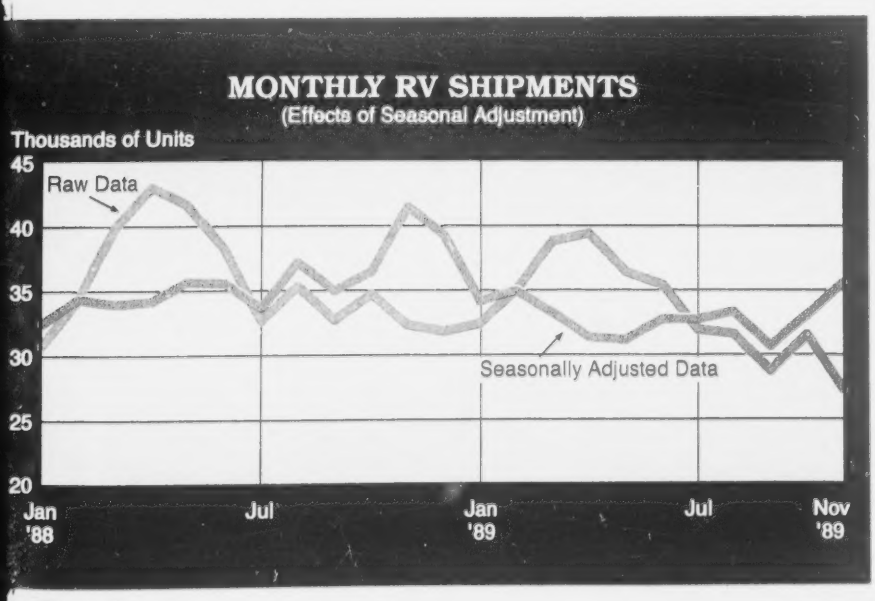

Figure 1

RV shipments, like many other economic activities, show a strong seasonal pattern. RV shipments are typically heaviest in the spring months to meet the demand of consumers planning for warm-weather travel and camping. Shipments then tend to fall off at the end of the year as the demand slackens and the weather turns cooler. To reflect this normal seasonality and to accurately compare data from month to month, data are "seasonally adjusted" from their raw form.

Without seasonal adjustment, misleading conclusions could be drawn from shipment or other economic data. For example,

Without seasonal adjustment, misleading conclusions could be drawn from shipment data.

if the seasonality of turkey sales were ignored or unknown, a person might think the industry had gone into a depression in January after the sales boom of November and December. By raising the January figure and lowering the sales numbers for the peak months, using a statistical method to smooth out the ordinary highs and low, a proper comparison can be made between months.

Table 1 and *Figure 1* show RV shipment data as reported by the Recreation Vehicle Industry Association for 1988 and 1989. These raw data indicate that total shipments peaked in April of 1988 at 43,000 units. But April is normally a strong month, often the very best month of the year. If just the raw data were considered, February 1988 would have shown a 3,500 increase, followed by a 5,600-unit rise in March and then another 3,100-unit increase in April *(see column 4 of Table 1)*. The month-to-month percentage increases are impres-

GRAPHICS: CUSTOM COLOR VISUALS

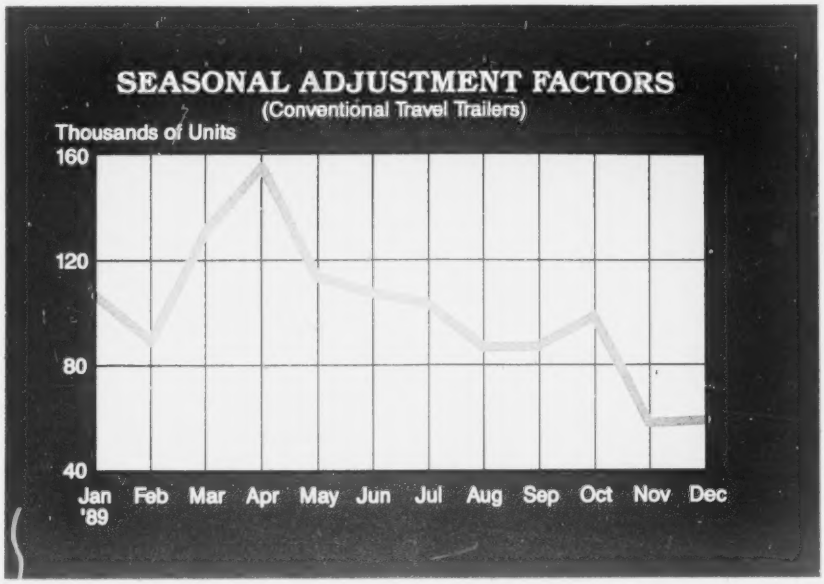

Figure 2

Actual shipments peak in the spring, and fall off in the last months of the year. It requires seasonal adjustment to smooth out these normal fluctuations and tell a clearer story than provided by the raw data.

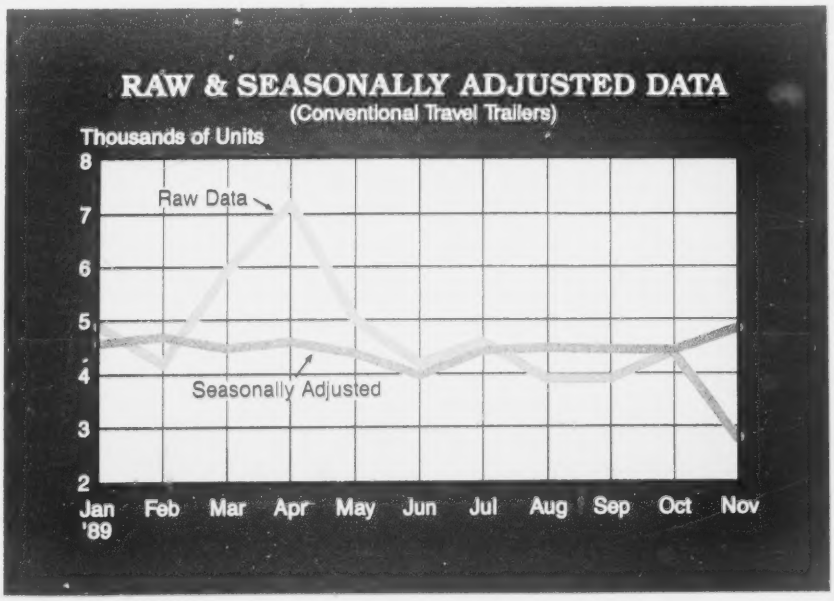

Figure 3

sive *(see column 6 of Table 1)*.

But, when the normal seasonal patterns are taken into account, a different picture emerges. April 1988's 43,000 units were still shipped, but they are equivalent to 34,200 units when adjusted for seasonal patterns *(see column 3 of Table 1)*. The month-to-month changes in both volume and percentage terms (columns 5 and 7) are much less dramatic now.

In fact, March was a down month because the growth in shipments over February was weaker than is normal for that time of the year. In 1988 and 1989, the peak month turned out to be November 1988, when actual shipments were only 32,300. But that raw-shipment figure converted to a remarkable 41,500 seasonally adjusted total, given that November is customarily a slow season of the year. Instead of seeing November '88 as a month of reduced shipments, the analyst, using seasonally adjusted data, is alerted to an unusual bulge, which led to strong reductions in shipments in subsequent months as inventory was worked off.

From *Figure 1*, it is easy to see that actual shipments peak in the spring, and fall off in the last months of the year. It requires seasonal adjustment to smooth out these normal fluctuations and tell a clearer story than provided by the raw data.

Seasonal adjustment of raw data is accomplished by studying a data series over a long period of time. In many instances, RV shipment data extend back to 1972 as a reasonably consistent series. From this history, seasonal patterns can be derived.

If the truly average month is considered to be 100, then a month that normally is 50% stronger in shipments would get a value of 150. A weaker month would have a value below 100. *Figure 2* depicts these seasonal-adjustment factors as they have been developed for conventional travel trailers in 1989.

As seen in *Figure 2*, April is nearly 60% above the average month. November and December are the slowest months, with shipments between 50% and 60% below average. Only October comes close to being a truly average shipment month. These data are also shown in column 2 of *Table 2*. All the seasonal factors for one year together equal 1,200 (100 times 12), so that the annual totals of the raw and seasonally adjusted data come out the same. In *Table 2*, we have only the 11 months of data available at presstime, so the totals are not equal.

To get seasonally adjusted shipments, the seasonal factors (divided by 100) are

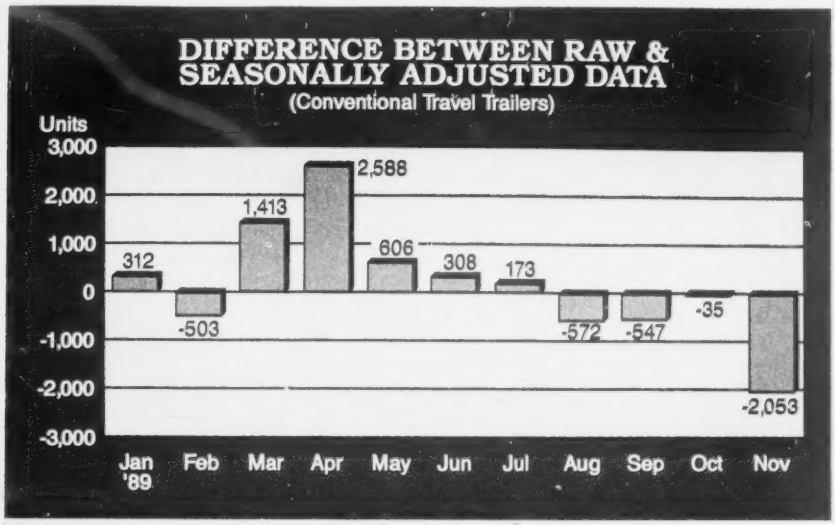

Figure 4

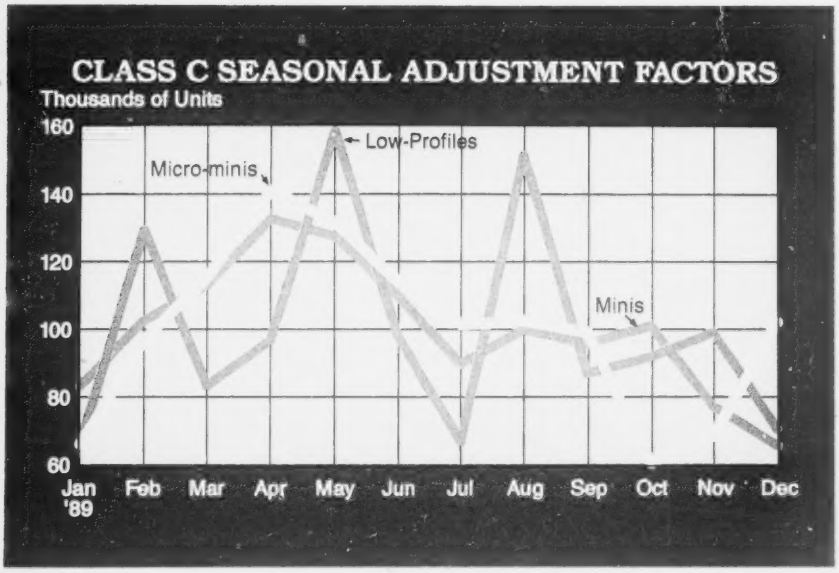

Figure 5

SEASONAL PATTERNS FOR CONVENTIONAL TRAVEL TRAILERS

Months/ Years	Raw Data	Seasonal Factors	Seasonal Adj. Data	Difference Number	Difference Percent	Absolute Value Number	Absolute Value Percent
Jan '89	4,900	106.8	4,588	312	6.4	312	6.4
Feb	4,200	89.3	4,703	– 503	– 12.0	503	12.0
Mar	5,900	131.5	4,487	1,413	24.0	1,413	24.0
Apr	7,200	156.1	4,612	2,588	35.9	2,588	35.9
May	5,000	113.8	4,394	606	12.1	606	12.1
Jun	4,200	107.9	3,892	308	7.3	308	7.3
Jul	4,600	103.9	4,427	173	3.8	173	3.8
Aug	3,900	87.2	4,472	– 572	– 14.7	572	14.7
Sep	3,900	87.7	4,447	– 547	– 14.0	547	14.0
Oct	4,400	99.2	4,435	– 35	– 0.8	35	0.8
Nov	2,800	57.7	4,853	– 2,053	– 73.3	2,053	73.3
Dec	-	58.9	-	-	-	-	-
TOTAL	51,000	1200.0	49,312	-	-	-	-
AVERAGE	4,636	100.0	4,483	153	– 2.3	828	18.6

Table 2

divided into the raw-shipment data. In *Table 2*, column 1 is divided by column 2, which is divided by 100 to equal column 3.

The seasonally adjusted data that result from this calculation provide a clearer picture of shipments in 1989. Instead of seeing a huge swell in shipments in the spring, the seasonally adjusted data in *Figure 3* show a downward trend during those months. Instead of seeing shipments dropping off during the second half of the year, *Figure 3* shows a decided upward trend as 1989 came to a close.

The differences between the raw data and the seasonally adjusted data can be very significant. *Figure 4* shows the difference between the raw data points and the seasonally adjusted data points in *Figure 3*. The overstatement by the raw data for April 1989 was nearly 2,600 units, or 36% *(see columns 5 and 6 of Table 2)*. For November '89, the raw data understated shipments by more than 2,000 units (a 73% difference).

The average difference between the raw data and the seasonally adjusted data is determined by disregrading whether the difference is positive or negative. The average difference shown in columns 5 and 6 of *Table 2* tends to wash out and minimize the distortion. The absolute values are shown in columns 7 and 8 of *Table 2*. On average, the first 11 months of 1989 yielded a difference between raw and adjusted data of more than 800 units, or 18.6%.

It also is important to note that seasonal patterns vary by product. For example, there are three types of Class C motorhomes. As seen in *Figure 5*, low-profile Class C's have a seasonal pattern that is different from the seasonal pattern of mini-motorhomes and micro-minimotorhomes. Low-profiles typically have a history of wide swings during the year with three high peaks. Minis and micros track fairly closely together and have a single April peak. Yet, whereas micros have very weak Octobers, October is a typical shipments month for minis.

Thus, the seasonal pattern of each type of product needs to be examined separately. In addition, the seasonal factors that apply for the industry may not apply to the products of each firm because of different geographic market orientations or differences in production and inventory management.

In sum, raw data are valuable since they represent actual resource utilization, but seasonal adjustment of the data keeps attention on trends. Both raw and adjusted data are necessary statistics in understanding the RV market. Δ

LENDERS CITE CONTINUED PROFITABILITY OF RV LOANS

The following has been excerpted from "Recreation Vehicle Financing: A Survey of Lenders' 1988 Experiences," a report prepared for the Recreation Vehicle Industry Association by John Whitney Associates Inc., a marketing research and forecasting firm specializing in the RV and manufactured-housing industries. RVIA will release figures for 1989 later this year.

A total of 392 financial institutions representing 9,538 operating locations reported financing family camping vehicles in 1988. This total included 173 banks, 88 savings and loan (S&L) institutions, 33 sales-installment finance companies and 98 credit unions. These lenders averaged almost 12 years' experience in financing new and used recreational vehicles.

Of the financial institutions, 88% said they provided retail direct (two-party) loans for RVs, while 52% were active in retail indirect (dealer-paper) loans, and 36% provided wholesale (floorplanning) loans. Compared to the findings in the 1986 survey (there is no 1987 data for comparison purposes), there were more lenders participating in retail direct and indirect RV financing, and about the same number of lenders in wholesale loans. *(See Figure 1.)*

However, on a dollar-volume basis, once again most of the RV consumer loans in lenders' portfolios came through dealers. Of the RV consumer-loan outstandings, 81% involved dealer paper, which topped the previous highest share (77%) recorded in the 1985 and 1986 surveys. *(See Figure 2.)* This consistent trend of more indirect financing for RVs continued to differ from the pattern for *all* consumer loans, which still emphasized more direct lending. In the 1988 survey, almost one-half (49%) of *all* consumer loans were made directly through lenders, slightly higher than the 48% share for direct consumer loans in the 1986 survey.

Commercial banks and finance companies combined accounted for 83% of RV indirect-loan dollar volume. Finance firms placed almost all (95.8%) of their RV consumer-loan dollar volume through dealers, while 72% of the commercial banks' RV consumer dollars were indirect loans. Although there were fewer S&Ls reporting in the 1988 survey, they continued to expand their RV business through dealers, with 82% of their RV consumer-loan outstandings in indirect loans. There was some indirect RV loan activity from credit unions, which continued to expand their RV portfolios through direct loans.

On a dollar-volume basis, one-quarter (24.4%) of the total RV loan volume went to floorplanning. This was less than the 29% to 30% levels reported in surveys in previous years. *(See Figure 2.)* Lenders also reduced the percentage of their dollar volume for *all* wholesale loans from 24% in the 1985 and 1986 surveys to 20% in 1988. This probably reflected the strong demand for consumer loans and an emphasis on inventory control during 1988. (The Federal Reserve reported a strong 8.9% increase in consumer-installment dollar outstandings in 1988.) As of Dec. 31, 1988, there was a total of $5,407,239,000 in RV loan outstand-

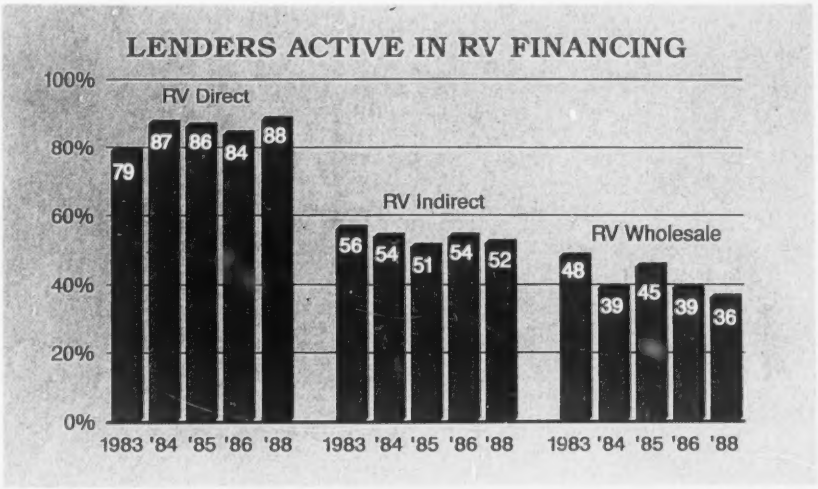

Figure 1 SOURCE: RVIA

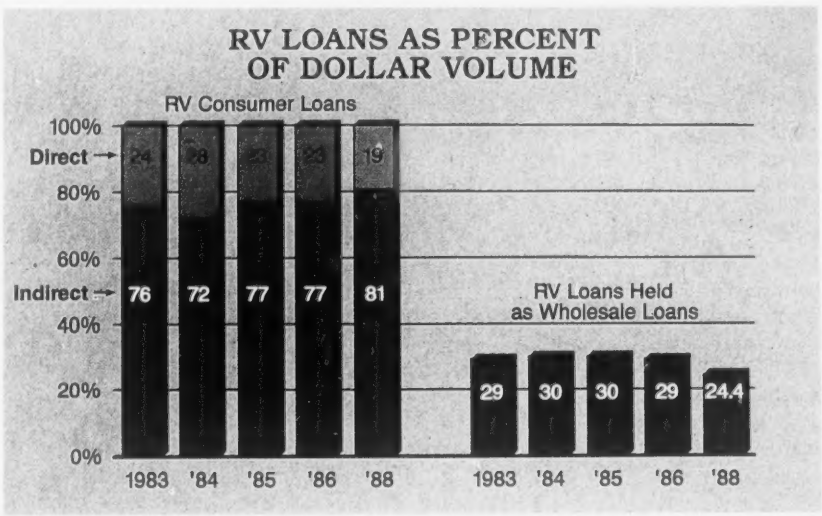

Figure 2 SOURCE: RVIA

GRAPHICS: CUSTOM COLOR VISUALS

ings. This represented 6.01% of the total loan portfolio of the 392 reporting institutions.

Sales-installment finance companies accounted for over half (52%) of the total RV loan outstandings in 1988, slightly more than the 50% average share in the 1985 and '86 surveys, but much less than the 60% share of RV dollar volume in 1983 and 1984. Finance firms reported $2,810,968,000 in RV outstandings in 1988, much higher than the $2,018,635,000 reported two years earlier. Well over half (58%) of their 1988 RV dollar volume was in retail indirect loans, 40% was in floorplanning, and only 2.5% was in direct loans to RV consumers.

Commercial banks accounted for one-third (33%) of the total RV loan outstandings in 1988, down from the 38% share in 1986. Still, the total RV portfolio of $1,798,293,000 was 18% higher than the $1,522,572,000 reported by commercial banks in 1986. Commercial banks expanded their RV loan portfolio by increasing their indirect lending by 20% over their 1986 level. Almost two-thirds (64%) of the 1988 RV dollar volume were indirect loans, 25% were direct to consumers, and 11% were wholesale loans.

Savings and loan associations, reporting for the sixth time in 1988, accounted for 12.5% of the 1988 total RV loan volume, up from an 11% share two years earlier. The 1988 RV loan outstandings totaled $673,735,000, up 49% from $451,178,000 reported in 1986, even though there were 20 fewer S&Ls reporting in 1988. More than eight out of 10 (81%) of their RV total outstandings were in indirect loans, with 17% in direct loans and only 1% in floorplanning. Compared with 1986, S&Ls increased their RV indirect volume by 80%, but they reduced their RV direct portfolio by 13% and their RV wholesale volume by 21%.

In 1988, credit unions accounted for 2.3% of the total RV loan outstandings with $124,243,000 in 1988, more than double the $51,070,000 in 1986 (up by 143%). Almost all of the RV dollar volume (95%) was in direct loans to consumers.

RV Loans Seen As More Profitable

More than nine out of 10 lenders (93%) said that RV loans compared favorably with automobile loans. Almost half (48%) said that RV loans were more profitable, and another 44% said that RV loans were as profitable, as auto loans. RV loans also continued to compare favorably with other secured installment loans. Over one-quarter (27%) said that RV loans were more profitable, while another 59% said that RV loans were as profitable as other secured installment loans.

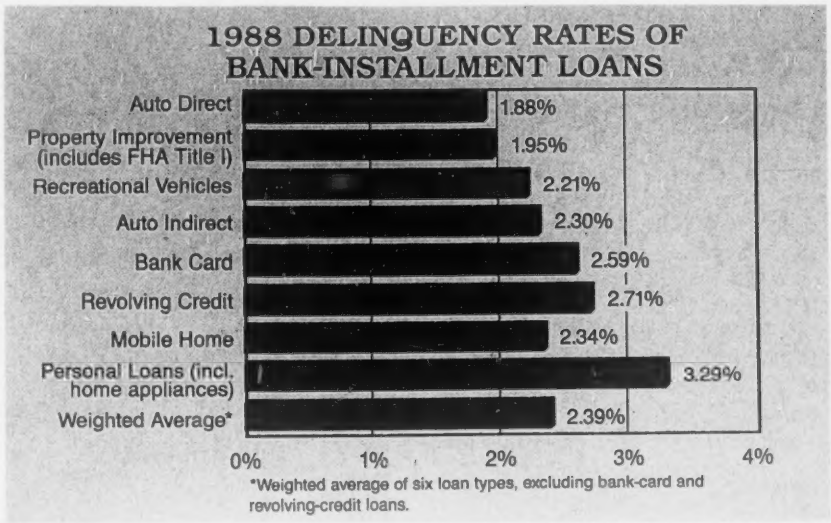

Figure 3 SOURCE: AMERICAN BANKERS ASSOCIATION

The favorable report on profitability continued to show up in lenders' future plans. Almost all (98%) of the lenders said they would provide RV financing in 1989. Almost two-thirds (61%) said they would increase their RV loan portfolio, while another 3% said they would start financing RVs in 1989. Another 34% said they would stay at the same size as in 1988, which represented a 34% increase in RV dollar outstandings from 1986.

Deliquency, Repossession Rates Drop

The RV delinquency rate came down further from a 1.97% rate in 1986 to a 1.88% delinquency rate for 1988.The default rate was highest among finance firms (2.04%), S&Ls (1.96%) and commercial banks (1.81%). Credit unions had the lowest RV default rate at 1.50%. The American Bankers Association (ABA) showed a 2.21% average delinquency rate for RV portfolios for 1988. *(See Figures 3 and 4.)*

There was a slight drop in the RV repossession rate. In 1986, 1.05% of the 1986 consumer loans for new and used RVs were repossessed. In 1988, 0.91% of the 1988 RV consumer loan outstandings were repossessed. (There were no comparable RV figures from other sources.)

Direct RV Loans to Consumers

In 1988, there were 343 financial institutions that reported 95,138 direct RV loans totaling $757,812,000 in outstandings, a 12% increase from 1986. This represented an

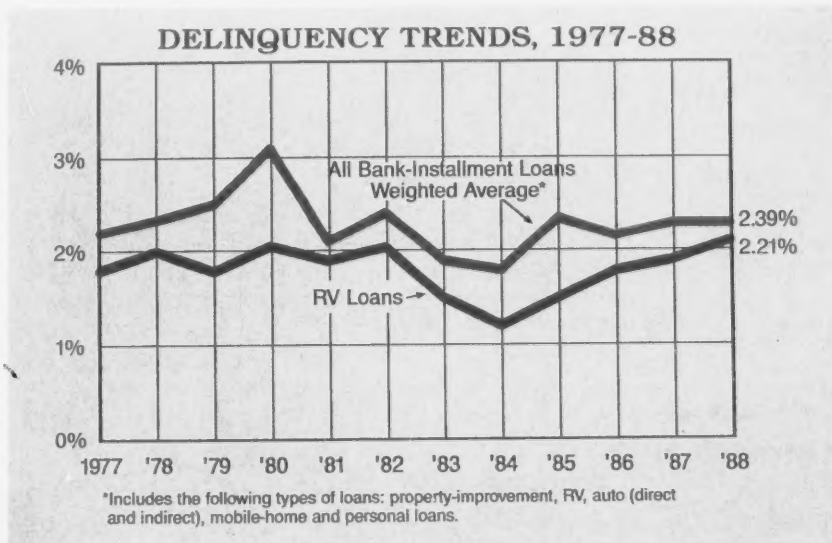

Figure 4 SOURCE: AMERICAN BANKERS ASSOCIATION

average balance of $7,965 per account. There were some major shifts in this market segment. Banks increased their market share to 60% of the 1988 RV direct-loan outstandings with $454,757,000, although this still was well below their peak 69% share in 1985. S&Ls pulled back on their RV direct volume (down by 13% from 1986) to $115,940,000 in 1988, which represented a 15% share. Finance companies also decreased their RV direct volume significantly (a 41% drop from 1986) to $71,348,000 in 1988, which represented only 9% of the RV direct-loan volume. However, credit unions increased their market penetration substantially (up 186%) to $115,767,000, which represented 15% of the 1988 RV direct outstandings.

The 1988 survey revealed that six out of 10 (60%) of the lenders provided RV direct loans on a simple interest basis, while 4% used the add-on method, and 2% used variable rates. Another 7% used both the simple-rate and add-on method, and 21% used both the simple- and variable-rate methods. Overall, 94% of the lenders used simple interest, 16% used add-on, and 29% used variable rates.

Minimum down payments were eased further in 1988. Almost half (48%) of the lenders who offered direct loans for new RVs required less than a 20% down payment, while 43% asked for 20%, and 9% asked for 25% or more minimum down payment. For used RVs, 35% asked for less than 20% down, 39% asked for 20% down, and 20% wanted 25% or a higher-percentage down payment.

The terms of the loans were extended. In 1988, 50% of the lenders extended the maximum maturity on direct loans for new RVs to 120 months or more, while over a quarter (29%) reported 84 to 108 months, and less than a quarter (22%) provided loan terms of 72 months or less.

Six out of 10 lenders provided RV direct loans on a simple interest basis.

Indirect RV Loans to Consumers

There were 205 financial institutions that reported 238,360 indirect RV loans (dealer paper) totaling $3,329,970,000 in outstandings in 1988, a 51% increase from 1986. This represented an average balance of $13,970 per account. Finance companies increased their RV indirect 74% from 1986 to $1,626,441,000 in 1988, which represented a 49% share compared with 42% in 1986. Banks increased their RV indirect to $1,149,760,000 in 1988, but their share dropped to 34% compared with a 43% share of RV indirect volume in 1986. S&Ls increased their RV indirect portfolio by 80% to $548,137,000 in 1988, which represented a 16% share, while credit unions represented only 0.2% of RV indirect volume.

Almost half (47%) of the lenders provided indirect RV loans on a simple-interest basis, while 6% used the add-on method, and 2% used variable rates. There also were 24% who used both simple and variable rates, and 13% who used both simple and add-on methods. Overall, 90% used simple interest, 27% used add-on, and 33% used variable-rate methods. Banks and finance companies used all three accounting methods, while S&Ls and credit unions favored simple interest.

Almost six out of 10 (59%) of the lenders who offered indirect loans for new RVs required less than a 20% down payment in 1988, while 37% required 20%, and 4% asked for 25% or more as a minimum down payment. For used RVs, the minimum down payment was higher, with almost half (47%) asking for 20%, and 13% asking for 25% or more as down payment.

The maximum maturities on indirect loans continued to get longer. Almost 90% of the lenders extended the terms on new-RV loans to 84 months or more. Further, almost three-quarters (71%) extended the terms to 120 months or more.

Wholesale Financing

There were 143 financial institutions that provided $1,319,457,000 worth of floorplanning for recreational vehicles in 1988. Finance companies accounted for 84% of this volume, while the banks provided 15%, and S&Ls held 1%. There were five credit unions that reported doing some floorplanning.

Two-thirds (67%) of the lenders who provided wholesale financing also floorplanned used-RV units.

Lenders who provided floorplanning reported that almost one-third (31%) of the wholesale loans were converted to retail loans when the RV units were sold. The conversion for banks was 32%; S&Ls had 33%, while finance firms reported a 16% conversion rate. On the average, financial institutions floorplanned 97% of the manufacturer's invoice. Δ

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